Stakeholder Workshop #1 Summary
Municipal and Industrial Water Shortage Policy Review
May 26, 2010

I. Introduction

   a. Policy needs to be flexible in implementation

   b. Reflective of the new body of state law

   c. Policy cannot be structured in a way that disincentivizes water conservation

   d. Needs to support consistent interpretation across the customer base

II. M&I Preference: Contracts

   a. Reclamation turning point came in 1970 with execution of SMUD, EBMUD, and CCWD contracts that addressed M&I preference in the contracts that shorted Agricultural contractors prior to M&I contractors.

   b. In preparation for execution of San Felipe Division contracts, Reclamation investigated the M&I preference consistency with law. M&I preference language was not included in San Felipe Division contracts.

   c. In the 1990s contract renewal process, the potential for increased M&I demand on the CVP was identified. Reclamation identified need to develop M&I water shortage policy to maintain public health and safety levels.

   d. 2001 M&I WSP was a culmination of the policy framework that began in 1994.

   e. Decision was made that NEPA analysis was needed for 2001 WSP resulting in completion of 2005 EA and FONSI.

III. M&I WSP Evolution

   a. Policy being implemented today is hybrid of 1997 urban reliability policy and 2001 WSP.

   b. 75% of historic use value was developed in recognition that M&I contractors were using less than contract total due because build out had not been reached.

   c. How are non-CVP supplies calculated in WSP?

      i. Non-CVP supplies are considered when announced allocations are below 75% and health and safety levels are taken into account. The historic use

figure is calculated using just CVP supplies. The adjusted historic use calculation allows for consideration of use of non-CVP supplies.

d. How does PCWA's use of non-CVP supplies affect their historic use figure?

    i. Historic use does not include non-CVP supplies. Adjusted historic use does include consideration of non-CVP supplies (not always a 1-to-1 rate – Reclamation considers non-CVP supplies to the extent that use of non-CVP supplies can be verified by the contractor). Some have asserted that because the historic use calculation does not consider non-CVP supplies, this incentivizes districts to maximize use of CVP supplies.

e. The policy defines adjusted historic use as a verified value of the degree to which contractors use non-CVP supplies.

f. How does 2030 water use figure factor into calculation of M&I water deliveries?

    i. The 2030 Water Needs Assessment determines what amount of water receives M&I "reliability." The shortage allocation is based on a percentage of historic use. What factors shortages are based on should be discussed as a part of the workshop process.

g. 1994 contract renewal process included allowance for conversion of Ag supplies to M&I water supply. WSP was developed as a means of controlling the assignment of supplies from Ag to M&I.

h. Is there an explicit policy for how shortages are divided between North and South?

    i. There isn't an explicit policy. The decision is related in part to operations decisions and water agency contracts.

i. How would changes to South of Delta delivery infrastructure change exports and affect operations allocations to other regions (changed water shortage calculations)? This should be discussed in the workshops.

    i. There are Bay Delta Conservation Plan discussions underway and Reclamation is unable to say what effect the BDCP will have on the CVP right now.

j. Need more explanation of how non-CVP supplies are accounted for in the public health and safety calculations.

    i. Non-CVP supplies are accounted for when looking at what total water supply is available to the agency. That total supply is compared to the public health and safety level (which is a factor of demand and historic use). Reclamation determines if there is unmet CVP demand.

k. Requests:

i. Please provide background data for Roseville case study numbers.

ii. Provide calculations on public health and safety values.

iii. Written clarification on how Reclamation makes decisions. Which values are calculations, negotiations, judgment calls, etc.

iv. Clarification on how Friant Division would be affected by the water shortage policy.

v. Send stakeholders list of Reclamation & consultant attendees.

IV. Need/Value in M&I WSP Review

a. National security issue needs to be considered in M&I WSP. Naval Air Station requires Ag fields to control bird strikes in the no-fly corridor. This Navy demand should be built into the WSP.

b. Ag users have the right to incidental M&I use for houses on their farms. There are many domestic water users subject to water shortages under Ag allocations.

i. How many of the SOD Ag Districts are providing domestic water supplies to Ag users?

c. How does Environmental Review process fit into this process?

i. Potential exists for policy to remain unchanged after workshops. If changes are made to the policy, additional environmental review will need to be completed.

d. A major concern is what is going to drive CVP operations considering all the issues going on right now. Would the WSP's own Endangered Species Act consultation have any meaning? Would like to see how all processes fit together. Wanger decision has indicated that the agencies need to consider how the Reasonable and Prudent Alternatives are affecting the human element. How does this process factor into the other Reclamation/DWR/Delta projects?

i. Reclamation is hoping better clarity will come through the workshop process on how the WSP relates to the other issues going on right now.

e. SMUD may be unique in its use of water exclusively for industrial uses and the way it makes decisions on which water supply to use.

i. SMUD allocations for M&I supplies are made based on consumptive use and how might that be altered in the future.

f. How does M&I policy apply to East Side division?

i. It does not, and Reclamation will review the reasons for this.

g. How does the 2005 needs assessment factor into WSP calculations?

    i. Needs for irrigation are considered after needs for M&I. American River Division is 100% M&I which affects WSP calculations.

h. Is the CVP system integrated between Shasta and Folsom because of its effects on Ag use related to the American River Division? Has issue of CVP integration been addressed by Reclamation in the past in allocations?

i. The WSP is a guide, but Reclamation will also respond to ever-changing actual hydrologic conditions and practical limitations of the system. Increase of 2009 American River M&I deliveries to 100% could not also be made upstream on Sacramento River because of related need to increase Ag allocation to 100%, for which water was not available in Shasta. In 2009, portions of the American River were wetter than the Sacramento, resulting in an increase in contract allocations to contractors within that system.

j. Requests:

    i. Provide a description of how the system operates and how allocations/shortages are determined, including by allocations for different contractors. It would be helpful to hear the framework of how the WSP works with CVP operations. Also, how is hardship water defined/identified?

    ii. Current interpretation of the Non CVP water needs to be considered in future workshops.

    iii. Please post links to 1) water needs assessment, 2) Reclamation determination of health & safety values.

    iv. It would be helpful to see examples of calculations for a hypothetical agency.

V. Current Perspectives on M&I WSP Top Issues:

a. What has Reclamation done? Record of past actions?

    i. How have calculations been made – provide flow chart indicating how decisions have been made.

    ii. Indications of the mathematical formulas being used to calculate values.

    iii. There needs to be a clear write up of the policy being implemented (2001 policy as modified by the 2005 EA Alternative 1B).

    iv. Creating a hypothetical example of policy implementation would be helpful.

b. How are historical use baselines calculated? How are Non CVP supplies accounted for?

i. Inconsistencies perceived by contractors on how historic use, including Non CVP use, is calculated.

ii. How is recycled water considered? Is recycled CVP water is considered CVP water or Non CVP water? SCVWD is concerned that development of recycled water could undermine their calculation of historical use and result in the delivery of less CVP supply.

iii. Is CVP water considered primary or supplemental supply? How does Reclamation consider prioritization of multiple water supplies?

c. What are extraordinary conservation measures?

d. Public Health and Safety calculations

i. The next workshop should include calculation of public health and safety levels.

ii. Explain the discrepancy between state and federal levels of "health and safety" use: Federal -- 50 gallons/ person/day; State – 60 gallons/person/day.

e. How should CVP carryover be considered in historical use calculations?

f. M&I vs. Irrigation Reduction

i. What is the differentiation between permanent and non-permanent crops? Is there consideration of the social impact and "economic hardship" of Ag supply cuts in Ag communities?

ii. There is a long-term financial investment in irrigation for row crops, too.

iii. M&I portion of total SOD CVP supply is minor compared to Ag. Reducing the M&I preference may not make much difference to Ag.

iv. American River Division is interested to understand how American River Water purposes are prioritized.

g. East Side/Friant/American River

i. Friant/East Side Integration

ii. Interest in how the WSP would apply to Friant and the East Side. Currently those areas do not have a public health and safety minimum.

iii. Friant Division has built in prioritization system for M&I WSP. Making WSP applicable to Friant Division would require rewriting of the Friant contracts.

iv. American River integration

h. Public Health & Safety Prioritization

i. Would like explanation from Reclamation on how public health and safety valves are determined.

ii. Demand calculations are completed utilizing CUWCC filings.

iii. Account for per capita variation between climatic regions and new 20x2020 regulations.

i. Guidance on how conjunctive use groundwater recharge should factor into historic use

i. Consideration of how project water stored for conjunctive use would be required use during shortage years will need to be taken

j. Clearer definition on "Extraordinary Conservation Measure" needed

k. Clarity is needed on how the Environmental process will work

VI. Things to cover in next workshops:

a. A written statement of the existing policy prior to the next meeting.

b. A presentation on the implementation of the policy.

c. Projection of how future growth and usage by M&I will affect shortages.

d. How hydrology and refuge water are considered in the WSP (Section 3406B of CVPIA gives Reclamation discretion of Refuge Deliveries).

e. Clarification from Reclamation on whether this is an administrative action that can be made by the Regional Director.

f. Data requests fulfilled in writing.

g. Quantification on changes in cropping patterns from row crops to permanent crops.

h. Information on the percentage of Ag and M&I contract water in both the North of Delta and South of Delta areas.

Dot Voting Prioritization (five dots per person to be used in any combination)

Issues identified through the participant questionnaire and during the Workshop #1 morning session were prioritized to get a relative sense of issues of interest.

Issue	Votes
Non-federal water supplies	20
M&I vs. irrigation reduction	19
What has Reclamation done regarding an administrative baseline?	16
Historic use baseline	13
Groundwater overdraft	9
Application to Friant and East Side Division	9
American River integration	8
Public health and safety implementation	6
Recycled water	5
Non-municipal/small land user (irrigation contract but used for farm residential use)	4
Minimum shortage allocation	3
CVP/ NON-CVP Priorities	2
Outcome of workshops (EA or EIS effort)?	2
Population growth adjustments	2
Definition of historic use – should we provide for CVP carryover and not limiting CVP water to use within service area (added late)	1
National security issue	1
Future operations (where do processes fit in)?	1
Non-project water/language	0
Area of origin	0